

Los Angeles County Economic Forecast

Los Angeles County is the largest county-level economy in California, with over 10.2 million people, and almost 4 million wage and salary jobs. Employment growth in the services such as healthcare, information, and professional services, remains strong. However, employment growth in the export sectors, especially manufacturing, remains weak.

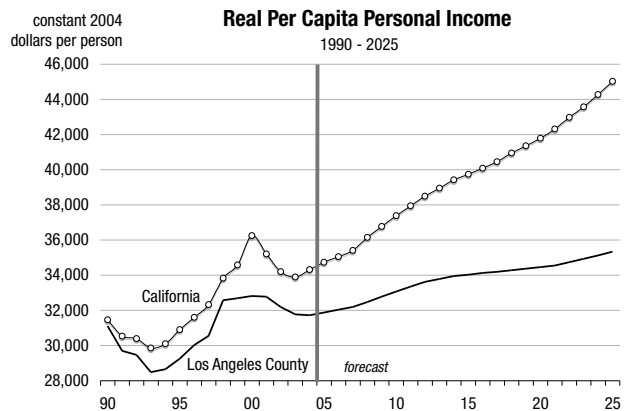
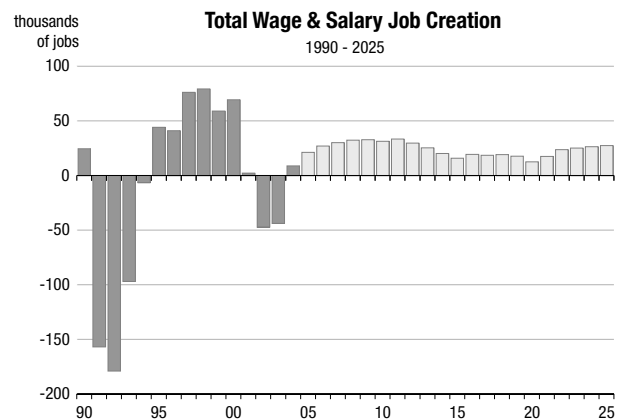
Economic growth in Southern California in general was impressive in 2004, compared to the northern half of the state. Employment growth in Los Angeles County was marginal last year, but 2004 was the first year of job creation since 2001. Over the previous two years a total of 91,000 jobs were lost in the county. The unemployment rate fell to 6.3 percent last year.

Northern Los Angeles County is the main growth engine of the county. Employment growth in the Antelope and Santa Clarita Valley is consistently above the growth for the county as a whole. The populations of Antelope Valley and Santa Clarita Valley are among the fastest growing in the county. Last year Lancaster and Palmdale, located in the Antelope Valley, each grew at a rate of 3 percent. Santa Clarita grew by 1.4 percent. Northern Los Angeles County is where we expect the momentum of employment growth in the county to continue over the next several years.

The larger problem in Los Angeles County is the ongoing lack of new housing production. The current rate of population growth substantially exceeds the creation of new units. This is putting upward pressure on housing prices which have reached all time record highs. This situation is also creating significant outflow of jobs from LA County into the Inland Empire Counties of Riverside and San Bernardino.

Forecast Highlights

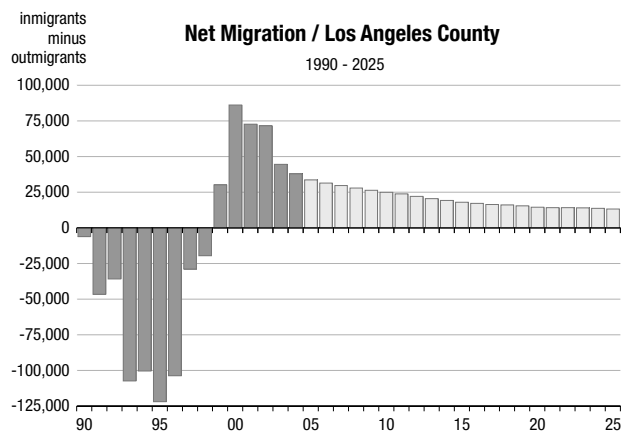
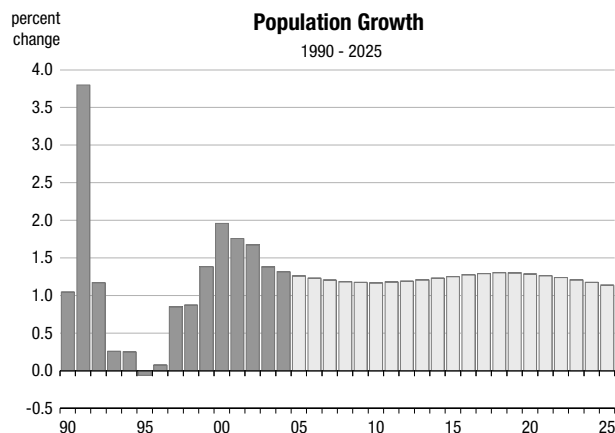
- Job growth increases in 2005, averaging 0.6 percent. Job growth accelerates to 0.7 percent in 2006. Over the next five years, the average annual growth rate is 0.8 percent per year.
- Average salaries adjusted for inflation rise an average of 0.3 percent per year over the next 5 years. The growth of higher paying job creation will slow in Los Angeles County, relative to other areas of Southern California. A number of industries which traditionally have been high paying are shrinking, such as the technology sector and the film making industry.
- The services sector remains the growth engine of jobs in Los Angeles County. Employment in health care and education is expected to grow by an average of 7 percent per year between 2005 and 2010. Employment in professional services, information, and leisure services are all expected to grow by over 5 percent per year for the next five years.
- Population growth increases, but at a much slower rate than it did over the past four years. Annual growth in the 2005 to 2010 period averages 0.6 percent per year. The slowdown in population growth is largely due to the fact that net migration in Los Angeles County is decreasing every year.
- Net migration falls in 2005 to 35,000 persons. Migration continues to shrink over the next five years.
- Real per capita incomes increase at a rate of 1.1 percent in 2005. An annual compound rate of growth of 1.3 percent is forecast over the next 5 years.
- Since 2003, the growth of industrial production has rebounded. Over the forecast it is expected to accelerate, averaging 3 percent growth per year over the next five years.



Los Angeles County Economic Forecast

1995-2004 History, 2005-2025 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1995	9,101,100	-121,785	6.15	3,057	8,405	\$79.1	\$213.1	\$29,244	1.6	278.2	68.4	8.1
1996	9,108,100	-103,645	6.22	3,061	8,607	\$82.6	\$222.8	\$30,030	1.7	288.1	69.9	8.3
1997	9,185,600	-28,727	5.81	3,067	10,424	\$86.4	\$232.4	\$30,548	1.7	301.6	73.8	6.9
1998	9,265,800	-19,504	6.13	3,075	11,692	\$90.2	\$253.5	\$32,576	1.4	315.9	77.4	6.6
1999	9,394,200	30,226	6.29	3,082	14,383	\$97.3	\$264.0	\$32,691	2.3	294.3	80.5	5.9
2000	9,578,468	86,237	6.52	3,134	17,071	\$106.7	\$279.0	\$32,810	3.3	302.0	85.3	5.4
2001	9,747,023	72,803	6.70	3,142	18,248	\$107.4	\$293.2	\$32,779	3.4	281.4	73.8	5.7
2002	9,910,524	71,742	7.01	3,155	19,364	\$108.8	\$300.9	\$32,189	2.8	275.3	71.3	6.8
2003	10,047,407	44,566	7.01	3,170	21,313	\$113.7	\$308.9	\$31,766	2.6	271.1	73.3	7.0
2004	10,179,716	37,991	7.11	3,184	26,933	\$121.3	\$322.9	\$31,723	3.3	263.3	74.4	6.6
2005	10,308,324	33,632	7.18	3,202	26,958	\$127.9	\$336.5	\$31,871	2.7	260.2	74.6	6.3
2006	10,435,229	31,433	7.25	3,224	27,947	\$135.2	\$351.1	\$32,040	2.5	257.2	75.2	6.4
2007	10,561,101	29,787	7.34	3,246	27,715	\$142.5	\$365.7	\$32,189	2.4	254.3	77.6	6.2
2008	10,686,331	27,982	7.44	3,269	28,042	\$149.9	\$382.1	\$32,474	2.3	251.5	80.0	5.8
2009	10,811,798	26,395	7.55	3,291	26,687	\$157.5	\$398.8	\$32,775	2.2	248.9	82.3	5.6
2010	10,938,395	24,931	7.67	3,313	26,646	\$165.6	\$417.0	\$33,064	2.4	246.4	84.7	5.4
2011	11,067,541	23,854	7.79	3,334	27,030	\$174.0	\$436.3	\$33,357	2.5	244.1	87.2	5.2
2012	11,199,497	22,187	7.90	3,356	27,001	\$182.7	\$456.7	\$33,617	2.6	241.8	89.5	5.2
2013	11,334,959	20,628	8.01	3,378	26,176	\$191.6	\$477.1	\$33,787	2.7	239.6	91.8	5.2
2014	11,474,516	19,270	8.11	3,399	25,484	\$200.6	\$498.4	\$33,953	2.7	237.6	93.8	5.4
2015	11,618,415	18,030	8.20	3,419	25,124	\$210.1	\$520.1	\$34,026	2.8	235.6	95.2	5.7
2016	11,766,840	17,261	8.28	3,440	24,737	\$219.9	\$542.8	\$34,124	2.8	233.7	96.9	6.1
2017	11,919,051	16,422	8.35	3,460	24,275	\$230.0	\$565.4	\$34,185	2.6	231.9	98.6	6.6
2018	12,074,490	16,086	8.41	3,479	24,097	\$240.4	\$588.8	\$34,286	2.5	230.2	100.8	6.8
2019	12,231,610	15,440	8.45	3,499	24,018	\$251.4	\$613.2	\$34,373	2.5	228.6	102.5	6.7
2020	12,388,853	14,605	8.49	3,518	23,562	\$262.5	\$637.7	\$34,453	2.4	227.0	103.9	6.6
2021	12,545,627	14,233	8.52	3,537	23,162	\$274.1	\$663.0	\$34,550	2.4	225.5	105.3	6.4
2022	12,701,222	14,213	8.55	3,556	23,126	\$286.3	\$691.3	\$34,745	2.4	224.1	106.7	6.3
2023	12,854,894	14,104	8.57	3,574	23,639	\$298.8	\$721.0	\$34,927	2.5	222.7	108.6	6.4
2024	13,005,908	13,717	8.58	3,593	23,363	\$311.8	\$751.9	\$35,127	2.5	221.4	110.7	6.3
2025	13,153,807	13,255	8.60	3,612	23,354	\$325.4	\$783.8	\$35,344	2.4	220.2	112.5	6.3



Los Angeles County Employment Forecast

1995-2004 History, 2005-2025 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
1995	3,755	7.97	113.1	626.2	154.2	564.5	228.7	519.0	190.4	371.0	308.9	535.7
1996	3,796	7.22	108.4	630.3	155.7	569.7	222.9	533.2	201.1	383.5	316.5	533.0
1997	3,872	6.98	110.6	638.3	160.8	583.6	215.0	558.3	214.6	386.3	326.9	536.3
1998	3,951	7.71	119.1	642.9	167.8	590.1	218.4	585.1	214.6	394.6	331.6	541.0
1999	4,010	7.32	126.9	624.3	172.2	598.3	221.0	585.0	236.2	401.8	335.8	561.6
2000	4,080	7.66	131.7	611.3	174.4	610.4	218.7	598.2	242.6	416.2	344.3	581.3
2001	4,082	8.41	136.8	577.9	175.6	614.2	228.9	588.0	226.3	432.2	348.5	598.3
2002	4,035	7.80	134.5	534.8	167.2	615.5	232.6	575.0	207.3	450.4	354.2	606.1
2003	3,991	7.84	134.6	500.0	161.5	613.4	239.8	559.9	202.3	460.4	362.6	599.3
2004	4,000	7.55	139.4	484.2	161.1	619.1	243.2	561.0	208.1	467.7	373.1	586.6
2005	4,021	7.42	139.0	475.4	161.8	625.6	245.2	572.5	210.2	473.6	374.0	587.1
2006	4,048	7.30	137.3	471.0	162.9	633.8	246.5	581.4	212.5	479.8	376.9	589.1
2007	4,078	7.21	135.3	464.8	164.7	641.1	247.8	589.8	217.0	486.7	381.1	591.7
2008	4,111	7.13	132.2	456.3	167.0	648.0	248.5	598.4	223.7	494.6	387.6	594.2
2009	4,144	7.05	128.0	449.3	169.3	654.6	249.2	606.9	230.1	502.9	393.9	596.9
2010	4,175	6.98	124.0	442.3	171.6	660.8	249.1	615.9	236.3	511.4	400.5	598.6
2011	4,208	6.92	120.5	438.7	173.7	666.5	249.0	625.1	241.8	520.0	406.9	599.8
2012	4,238	6.86	117.4	433.2	175.7	671.7	249.0	634.2	246.4	528.7	413.0	600.3
2013	4,264	6.81	114.6	426.2	177.7	676.3	249.0	642.8	250.3	537.4	418.7	600.4
2014	4,284	6.76	111.7	416.6	179.6	680.6	248.6	650.6	253.6	546.0	424.2	600.3
2015	4,300	6.71	108.6	405.3	181.5	684.3	248.0	657.3	256.3	554.7	429.6	600.2
2016	4,319	6.66	105.4	398.3	183.3	687.9	247.4	662.8	259.4	563.4	435.1	600.4
2017	4,338	6.62	102.2	390.7	185.2	691.5	246.9	667.5	262.4	572.2	440.7	600.9
2018	4,357	6.58	98.8	383.6	187.1	695.1	246.3	671.6	265.4	581.4	446.4	601.8
2019	4,375	6.54	95.0	375.8	189.1	699.0	245.8	675.6	267.8	591.0	451.5	602.4
2020	4,387	6.50	90.9	364.2	191.0	703.0	245.3	679.3	269.9	600.8	455.7	603.3
2021	4,405	6.46	86.6	357.3	192.7	707.3	244.9	683.0	272.1	610.9	459.7	604.3
2022	4,428	6.43	82.6	355.5	194.6	711.6	244.4	686.6	274.2	621.4	463.7	605.5
2023	4,454	6.39	78.7	354.8	196.3	715.8	244.0	690.1	276.5	632.3	467.6	607.0
2024	4,480	6.36	75.0	354.3	197.9	719.8	243.9	693.6	279.3	643.4	471.3	608.6
2025	4,508	6.33	71.5	354.0	199.6	724.0	243.7	697.1	282.2	654.6	475.2	610.5

